

Message Text

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ACTION EB-08

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L-03 SSM-03 ACDA-12 MCE-00 /095 W
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P 070929Z JUN 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 3351
INFO AMEMBASSY ATHENS
AMEMBASSY BANGKOK
AMEMBASSY BONN
AMEMBASSY BRASILIA
AMEMBASSY BRUSSELS
AMEMBASSY BUENOS AIRES
AMEMBASSY CAIRO
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LIMITED OFFICIAL USE SECTION 1 OF 4 ROME 10488

FROM RCAA DWOR

DEPARTMENT PASS COMMERCE FOR OBOD, CAGNE; EXIMBANK; FAA FOR
CARMICHAEL; BRUSSELS FOR FAA CARY AND PACE; ATHENS FOR RTDO.

E.O. 11652: N/A
TAGS: EAIR, BEXP, IS
SUBJECT: EL AL FLEET PLANNING AND LINES OF DEVELOPMENT; FORTH-
COMING MEDIUM-RANGE WIDEBODIED AIRCRAFT DECISION
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REF: (A) TEL AVIV 6632, (B) TEL AVIV 6374

1. SUMMARY: RCAA AND EMBASSY COMMERCIAL ATTACHE RUEDA VISITED AL AL
HEADQUARTERS MAY 25 AND PAID CALLS ON GENERAL MORDECHAI HOD,
PRESIDENT; YERACHMIEL SHREM, SENIOR VICE PRESIDENT COMMERCIAL;
OTTO HERSTICK, VICE PRESIDENT COMMERCIAL; AND R. ADLER, MANAGER

SCHEDULING AND PLANNING. ADDITIONALLY BACKGROUND CALLS WERE MADE MAY 24 ON COLONEL YEHUDA RABIN, CIVIL AVIATION ADMINISTRATOR AND N. BEN-YEHUDA, DIRECTOR-INTERNATIONAL, MINISTRY OF TRANSPORT AND COMMUNICATIONS TO ASSESS BILATERAL ASPECTS EL AL'S ROUTE EXPANSION PLANNING. CALLS ON SENIOR STAFF ARKIA ISRAEL INLAND AIRLINES EFFECTED MAY 24 AND WILL BE REPORTED SEPARATELY. FOLLOWING ARE SIGNIFICANT DEVELOPMENTS EMERGING FROM THE MEETINGS:

(A) DECISION DATE JUNE 15, 1978 FOR TYPE SELECTION NEW MEDIUM-RANGE WIDEBODIES AIRCRAFT TO REPLACE EL AL'S OBSOLESCE FLEET BOEING 720-058B'S (TWO AIRCRAFT) AND 707-458'S (THREE AIRCRAFT); (B) MEDIUM-RANGE WIDEBODIES AIRCRAFT IN CONTENTION FOR AIRLINE'S FIVE AIRCRAFT REQUIREMENT (TWO FIRM PLUS THREE OPTIONS) ARE AIRBUS INDUSTRIE A-300 B4, LOCKHEED-CALIFORNIA L-1011-100 TRISTAR, MCDONNELL DOUGLAS DC-10-10 (WITH A-300B FRONTRUNNING BUT L-1011-100 A STRONG CHALLENGER); (C) BEYOND \$200 MILLION EL AL MEDIUM-RANGE REQUIREMENT, AIRLINE PLANS ACQUISITION FIVE ADDITIONAL BOEING 747-258'S VALUED AT 300 MILLION BY 1985 AND FIVE BOEING -777-100LR (LONG-RANGE) WIDEBODIED 200-SEATERS VALUED AT 150 MILLION TO REPLACE FIVE OBSOLESCE FLEET BOEING 707-358B/C'S (FIVE AIRCRAFT) BY 1985; (D) AIRLINE ATTAINED FINANCIAL BREAK-EVEN FISCAL YEAR ENDED MARCH 31, 1978 BUT INDICATES FINANCIAL UNCERTAINTIES FOR PRESENT FISCAL YEAR DUE DECLINING NORTH ATLANTIC YIELDS, NEW CHARTER COMPETITION, ESCALATING OPERATING COSTS, AND LABOR UNREST; (E) DESPITE ANTICIPATED BILATERAL AIR NEGOTIATION DIFFICULTIES, AIRLINE HOLDS AMBITIOUS ROUTE EXPANSION PLANS ENCOMPASSING SOUTH LIMITED OFFICIAL USE

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AMERICAN SEGMENT (PROBABLY BEYOND LISBON) TO RIO DE JANEIRO/SAO PAULO, MONTEVIDEO, BUENOS AIRES; FAR EAST SEGMENT BEYOND TEHRAN TO BANGKOK, SINGAPORE, TOKYO; AND ADDITIONAL U.S. DESTINATIONS INCLUDING LOS ANGELES, CHICAGO, AND POSSIBLY BOSTON, MIAMI; (F) BACKED BY AN IMPRESSIVE TRANS ATLANTIC PASSENGER LOAD FACTOR OF 70.8 PERCENT (HIGHEST OF ALL NORTH ATLANTIC SCHEDULED AIR CARRIES) FOR 1977 (FIRST ELEVEN MONTHS), EL AL IS SCHEDULING FIFTEEN ROUNDTRIP 436-SEAT BOEING 747-258 FREQUENCIES WEEKLY TEL AVIV-NEW YORK FORTHCOMING SUMMER PEAK (JUNE 25-JULY 15); (G) AIRLINE HOLDS TWO FIRM ORDERS FOR BOEING 747-'S, BUILDING WIDEBODIED FLEET TO SEVEN AIRCRAFT, WITH ONE 747-258C (NOSE AND SIDELOADING CARGO/PASSENGER CONVERTIBLE) SCHEDULED FOR DELIVERY JUNE 16, 1978 AND ONE 747-258F (NOSE AND SIDELOADING ALL-CARGO) FOR DELIVERY MARCH 1979, AND WILL PROBABLY EXERCISE OPTION BY END OF SEPTEMBER FOR EIGHTH 747-258 (VALUED AT \$60 MILLION) FOR DELIVERY DECEMBER 1979; (H) AIRLINE'S PASSENGER TRAFFIC GROWTH INCREASING APPROXIMATELY 10 PERCENT PER YEAR, BUT CARGO INCREASING 45-50 PERCENT PER ANNUM WITH LARGE SCALE MOVEMENTS ISRAELI AGRICULTURAL PRODUCE OUTBOUND AND MOTOR CARS AND MACHINERY INBOUND WITH DEDICATED WINTER 1978-1979 ALL-CARGO FLEET OF FOUR BOEING 747'S (ONE 747-124F, TWO 747-258C'S, ONE LEASED 747-123F).
END OF SUMMARY.

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FROM RCAA DWOR

DEPARTMENT PASS COMMERCE FOR OBOD, CAGNE; EXIMBANK; FAA FOR
CARMICHAEL; BRUSSELS FOR FAA CARY AND PACE; ATHENS FOR RTDO.

2. EL AL FLEET PLANNING.
A) REPLACEMENT REQUIREMENT MEDIUM-RANGE: AIRLINE ASSIGNS
HIGHEST PRIORITY TO REPLACE EXISTING OBSOLESCEMENT AND AGEING
MEDIUM-RANGE FLEET OF THREE BOEING 707-458'S (ROLLS-ROYCE CONWAY-
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POWERED) AND TWO BOEING 720-058B'S AS SOON AS PRACTICABLE. ACCORDINGLY, AIRLINE IS TARGETING DATE JUNE 15 TO DECIDE ON NEW WIDEBODIED REPLACEMENT AIRCRAFT, PRIMARILY TAILORED FOR ISRAEL-WESTERN EUROPEAN TURNAROUND SERVICES, SCHEDULED AND CHARTER. REQUIREMENT IS FOR TWO AIRCRAFT ON FIRM ORDER FOR DELIVERY JULY 1979, WITH AN ADDITIONAL THREE AIRCRAFT ON OPTION FOR DELIVERY 1980 AND 1981. ACCORDING MORDECHAI HOD, CRITICAL SECTOR IS TEL AVIV-LONDON (FIVE BLOCK HOURS OUTBOUND ISRAEL), AND COMPETING TYPES INCLUDE AIRBUS INDUSTRIE A-300B (251 SEATS MIXED CONFIGURATION), LOCKHEED-CALIFORNIA L-1011-100 TRISTAR (302 SEATS MIXED CONFIGURATION) AND MCDONNELL DOUGLAS DC-10-10 (300 SEATS MIXED CONFIGURATION). RCAA AND COMMERCIAL ATTACHE STRESSED TO HOD LARGER CAPACITY AND GREATER RANGE-VERSABILITY OF U.S. WIDEBODIED AIRCRAFT WHICH WOULD BESTOW UPON EL AL GREATER ADAPTABILITY TO TRAFFIC GROWTH, LOWER SEAT, MILE COSTS, AND GREATER FLEXIBILITY OF DEPLOYMENT OVER EL AL'S TOTAL ROUTE NETWORK. COMMENT: INFORMED INDUSTRY SOURCES (GENERAL ELECTRIC AND BOEING) INDICATE HOD (FORMER COMMANDER-IN-CHIEF ISRAELI AIR FORCE) HAS BEEN PRIME PROPONENT OF A-300B4 AND THAT PRELIMINARY AIRLINE RECOMMENDATION TO ITS BOARD SEVERAL MONTHS AGO FAVORED A-300B4. HOWEVER, SPIRITED FOLLOW-UP BY LOCKHEED-CALIFORNIA (REFTELS) AND LATE OFFER BY MCDONNELL DOUGLAS (APPARENTLY PRESENTED TO HOD ON MAY 24) HAVE AGAIN OPENED THE TYPE-SELECTION ISSUE. OUR ASSESSMENT IS THAT A-300B4 STILL LEADING COMPETITION WITH ADVANTAGES OF LOWER INITIAL PRICE AND LOWER HOURLY OPERATING COSTS AND AT LEAST INITIAL SUPPORT BY HOD, BUT THAT PRICE CONCESSIONS ON L-1011-100 AND U.S. WIDEBODIED TRIJETS' INHERENT ADVANTAGES OF RANGE-VERSATILITY/CAPABILITY (I.E. LONDON/PARIS-NEW YORK, TEL AVIV-NAIROBI-JOHANNESBURG), LOWER SEAT-MILE COSTS, HIGHER CAPACITY HAVE NARROWED A-300B4'S LEAD APPRECIABLY. VALUE INTIAIAL TWO-AIRCRAFT SALE APPROXIMATELY \$70 MILLION INCLUDING SPARES, BUT TOTAL FIVE-AIRCRAFT REQUIREMENT (INCLUDING THREE OPTIONS) EXPANDS VALUE TO \$175-200 MILLION.

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B) REPLACEMENT REQUIREMENT LONG-RANGE: MORDECHAI HOD SPECIFIES A OBVIOUS NEED FOR FIVE BOING PROJECTED 777-100LR (LONG-RANGE) 200-SEAT (MIXED CONFIGURATION) WIDEBODIED TRIJETS AS SOON AS FEASIBLE TO REPLACE AIRLINE'S EXISTING NARROWBODIED LONG-RANGE FLEET OF THREE BOEING 707-358B'S AND TWO BOEING 707-358C'S ON LONG-RANGE/THINNER TRAFFIC DENISTY ROUTES (I.E. TEL AVIV-MONTREAL-MEXICO CITY). VALUE OF ORDER ESTIMATED AT \$150 MILLION INCLUDING SPARES (RCAA SURMISES THAT IF LOCKHEED-CALIFORNIA IS SUCCESSFUL IN SELLING EL AL L-1011-100 TRISTARS TO MEET CARRIER'S MEDIUM-RANGE REQUIREMENT, LOCKHEED MAY BE POSITIONED TO COUNTER HOD'S PREFERENCE FOR THE 200-SEAT 777-100LR WITH THE 246-SEAT (MIXED CONFIGURATION) L-1011-500 TRISTAR TO MEET EL AL'S THINNER LONG-RANGE REQUIREMENT. VALUE OF FIVE-AIRCRAFT

L-1011-500 ORDER ESTIMATED AT \$210 MILLION INCLUDING SPARES).

C) TRAFFIC GROWTH REQUIREMENT LONG-RANGE/HIGH-DENSITY:
 PRESIDENT HOD INDICATES A CLEAR REQUIREMENT FOR FIVE ADDITIONAL
 BOEING 747-258'S BEYOND THE SEVEN PRESENTLY IN SERVICES OR ON
 ORDER, FOR DELIVERIES 1980-1985, TO MEET CARGO/PASSENGER TRAFFIC
 GROWTH AND ROUTE EXPANSION NEEDS. VALUE OF THESE AIRCRAFT
 ESTIMATED AT \$300 MILLION, INCLUDING SPARES, WITH FIRST TO BE
 ORDERED LATE SEPTEMBER 1978 FOR DELIVERY DECEMBER 1979

D) FLEET PLAN SUMMARY (DERIVED:
 AIRCRAFT IN SERVICE (YEAREND)

	1978	1979	1980	1981	1982	1983	1984
747-258B/C/F,-124F		5	8	9	10	11	12
707-358B/C		5	5	5	5	2	0
707-458		3	1	0	0	0	0
720-058B		2	2	0	0	0	0
777-100LR/L-1011-500		0	0	0	0	0	3
A-300B4/L-100/		0	2	5	5	5	5
DC-10-10							
TOTAL		16	18	19	20	21	22

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FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 3353

INFO AMEMBASSY ATHENS

AMEMBASSY BANGKOK

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY PARIS

AMEMBASSY SINGAPORE

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV PRIORITY
AMEMBASSY TOKYO

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FROM RCAA DWOR

DEPARTMENT PASS COMMERCE FOR OBOD, CAGNE; EXIMBANK; FAA FOR
CARMICHAEL; BRUSSELS FOR FAA CARY AND PACE; ATHENS FOR RTDO

3. EL AL ROUTE EXPANSION PLANNING:
MEETINGS WITH SENIOR VICE PRESIDENT SHREM AND MINISTRY OF
TRANSPORT OFFICIALS RABIN AND BEN-YEHUDA INDICATE EL AL HOLDS
ASPIRATIONS TO EXPAND ROUTES TO EAST COAST SOUTH AMERICA, FAR EAST,
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AND TO ADDITIONAL POINTS IN U.S. SOUTH AMERICAN ROUTE WOULD
PROBABLY BE TEL AVIV-LISBON-RIO DE JANEIRO-MONTEVIDEO-BUENOS
AIRES. FAR EAST ROUTE WOULD BE TEL AVIV-TEHRAN-BANGKOK-
SINGAPORE-TOKYO. ADDITIONAL TRAFFIC POINTS IN U.S. WOULD
INCLUDE LOS ANGELES AS PROBABLE FIRST PRIORITY, THENCE CHICAGO,
BOSTON, AND POSSIBLY MIAMI. ACCORDING RABIN, TRAFFIC RIGHTS
ARE ARRANGED WITH URUGUAY, BUT BILATERAL AIR CONSULTATIONS ARE
REQUIRED FOR BRAZIL, ARGENTINA, THAILAND, SINGAPORE, AND JAPAN.
RABIN BELIEVES FAR EAST TRAFFIC RIGHTS MAY BE DIFFICULT TO
NEGOTIATE DUE HOST GOVERNMENT RELUCTANCE TO COMPROMISE ARAB/K
GULF SOURCES OF OIL SUPPLY. ALTHOUGH URUGUAYAN TRAFFIC RIGHTS
ARE IN HAND, BRAZILIAN RIGHTS APPEAR DIFFICULT DUE VARIG'S LACK
OF INTEREST IN SERVING TEL AVIV BEYOND PRESENT EASTERN TERMINUS
ROME. ARGENTINE TRAFFIC RIGHTS WERE ALMOST IN HAND BUT, DUE TO
CHANGEOVER ARGENTINE CHIEF OF STATE, MUST BE NEGOTIATED AGAIN.

4. EL AL FLEET INVENTOR (AS OF JUNE 1, 1978):
BOEING 747-258C ONE IN SERVICE PLUS ONE ON ORDER FOR DELIVERY
JUNE 16, 1978
BOEING 747-258F NONE IN SERVICE BUT ONE ON ORDER FOR DELIVERY
MARCH, 1979
BOEING 747-258B THREE IN SERVICE
BOEING 747-124F ONE IN SERVICE
BOEING 707-358B THREE IN SERVICE
BOEING 707-358C THREE IN SERVICE
BOEING 707-458 THREE IN SERVICE
BOEING 720-058B TWO IN SERVICE
BOEING 747-123F ONE IN CAL (CARGO AIR LINES) SERVICE ON LEASE
FROM THE FLYING TIGER LINE UNTIL JUNE 30, 1978.
WILL BE LEASED AGAIN THIS WINTER PENDING DELIVERY EL AL'S 747-258F.

5. EL AL FLEET DEPLOYMENT - PEAK SUMMER SEASON 1978;
A) BOEING 747-258B/C (FOUR AIRCRAFT: 10 F.C. PLUS 426 3:9,9.6

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317-) 436 SEATS).

TEL AVIV-NEW YORK-TEL AVIV (TWO FLIGHTS WEEKLY (747-258B ONLY)

TEL AVIV- LONDON-NEW YORK-LONDON-TEL AVIV ONE FLIGHT WEEKLY

TEL AVIV-LONDON-NEW YORK-TEL AVIV THREE FLIGHTS WEEKLY

TEL AVIV-AMSTERDAM-NEW YORK-TEL AVIV FOUR FLIGHTS WEEKLY

TEL AVIV-PARIS-NEW YORK-TEL AVIV FOUR FLIGHTS WEEKLY

TEL AVIV-MONTREAL-NEW YORK-MONTREAL-TEL AVIV ONE FLIGHT WEEKLY

TEL AVIV-PARIS-TEL AVIV ONE FLIGHT WEEKLY

TEL AVIV-LONDON-TEL AVIV THREE FLIGHTS WEEKLY

TEL AVIV-JOHANNESBURG-NAIROBI-TEL AVIV ONE FLIGHT WEEKLY

LONDON-TEL AVIV ONE FLIGHT WEEKLY

AMSTERDAM-TEL AVIV ONE FLIGHT WEEKLY

FRANKFURT-TEL AVIV ONE FLIGHT WEEKLY

TOTAL AIRCRAFT HOURS BLOCK-TO-BLOCK: 409:55

AIRCRAFT DAYS: 28

SCHEDULED AVERAGE DAILY UTILIZATION BLOCK-TO-BLOCK: 14.64 HOURS

NOTE: WINTER UTILIZATION DROPS TO BRING YEARROUND AVERAGE

747 UTILIZATION TO APPROX. 12 HOURS PER DAY PER AIRCRAFT.

B) BOEING 707-358B/358C/458 (EIGHT AIRCRAFT 162 ALL-ECONOMY SEATS).

TEL AVIV-ZURICH-MONTREAL-MEXICO CITY- AND RETURN ONE FLIGHT WEEKLY

(707-358B AND C ONLY

TEL AVIV-AMSTERDAM-MONTREAL-TEL AVIV ONE FLIGHT WEEKLY

(707-358B AND C ONLY)

TEL AVIV-PARIS-MONTREAL-TEL AVIV ONE FLIGHT WEEKLY

(707-358B AND C ONLY)

TEL AVIV-COPENHAGEN-TEL AVIV ONE FLIGHT WEEKLY

TEL AVIV-LONDON- TEL AVIV FOUR FLIGHTS WEEKLY

TEL AVIV-ROME-LONDON-TEL AVIV ONE FLIGHT WEEKLY

TEL AVIV-AMSTERDAM-TEL AVIV THREE FLIGHTS WEEKLY

TEL AVIV-BRUSSELS-TEL AVIV THREE FLIGHTS WEEKLY

TEL AVIV-PARIS-TEL AVIV FIVE FLIGHTS WEEKLY

TEL AVIV-ROME-PARIS-TEL AVIV ONE FLIGHT WEEKLY

TEL AVIV-LISBON-TEL AVIV TWO FLIGHTS WEEKLY

TEL AVIV-FRANKFURT-TEL AVIV TWO FLIGHTS WEEKLY

TEL AVIV-ZURICH-TEL AVIV FOUR FLIGHTS WEEKLY

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TEL AVIV-GENEVA-ZURICH AND RETURN TWO FLIGHTS WEEKLY

TEL AVIV-VIENNA-TEL AVIV ONE FLIGHT WEEKLY

TEL AVIV-MARSEILLES-TEL AVIV TWO FLIGHTS WEEKLY

TEL AVIV-ROME-TEL AVIV SEVEN FLIGHTS WEEKLY

TEL AVIV-BUCHAREST-TEL AVIV TWO FLIGHTS WEEKLY

TEL AVIV-MUNICH-VIENNA-TEL AVIV ONE FLIGHT WEEKLY

TEL AVIV-ATHENS-TEL AVIV FIVE FLIGHTS WEEKLY
TEL AVIV-ISTANBUL-TEL AVIV THREE FLIGHTS WEEKLY
TEL AVIV-TEHRAN-TEL AVIV SIX FLIGHTS WEEKLY
PARIS-TEL AVIV TWO FLIGHTS WEEKLY
GENEVA-TEL AVIV ONE FLIGHT WEEKLY
TOTAL AIRCRAFT HOURS BLOCK-TO-BLOCK: 505:20
AIRCRAFT DAYS: 56
SCHEDULED AVERAGE DAILY UTILIZATION BLOCK-TO-BLOCK: 9.02 HOURS

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AMEMBASSY BUENOS AIRES
AMEMBASSY CAIRO
AMEMBASSY LONDON
AMEMBASSY MANILA
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CARMICHAEL; BRUSSELS FOR FAA CARY AND PACE; ATHENS FOR RTDO

C) BOEING 720-058B (TWO AIRCRAFT-131 ALL-ECONOMY SEATS)

TEL AVIV-VIENNA-TEL AVIV ONE FLIGHT WEEKLY
TEL AVIV-MARSEILLES-TEL AVIV ONE FLIGHT WEEKLY
TEL AVIV-BUCHAREST-TEL AVIV ONE FLIGHT WEEKLY
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TEL AVIV-FRANKFURT-TEL AVIV FOUR FLIGHTS WEEKLY
TEL AVIV-COPENHAGEN-TEL AVIV ONE FLIGHT WEEKLY
TEL AVIV-ZURICH-TEL AVIV ONE FLIGHT WEEKLY
TEL AVIV-ROME-PARIS-TEL AVIV ONE FLIGHT WEEKLY
TEL AVIV-NAIROBI-TEL AVIV ONE FLIGHT WEEKLY
TEL AVIV-VIENNA-TEL AVIV ONE FLIGHT WEEKLY
TEL AVIV-ZURICH ONE FLIGHT WEEKLY
MUNICH-TEL AVIV ONE FLIGHT WEEKLY
TOTAL AIRCRAFT HOURS BLOCK-TO-BLOCK: 107:35
AIRCRAFT DAYS: 14
SCHEDULED AVERAGE DAILY UTILIZATION BLOCK-TO-BLOCK: 7.68 HOURS

D) BOEING 747-124F (ONE AIRCRAFT-100 TON PAYLOAD CAPACITY)
SUMMER 1978
TEL AVIV-PARIS-AMSTERDAM-NEW YORK-AMSTERDAM-TEL AVIV TWO FLIGHTS
WEEKLY

TEL AVIV-LONDON-FRANKFURT-TEL AVIV ONE FLIGHT WEEKLY
TOTAL AIRCRAFT HOURS BLOCK-TO-BLOCK: 60:15
AIRCRAFT DAYS: 7
SCHEDULED AVERAGE DAILY UTILIZATION BLOCK-TO-BLOCK: 8.6 HOURS
NOTE: ADDITIONALLY, EL AL HAS LEASED A BOEING 747-123F FROM THE
FLYING TIGER LINE WHICH IS DEPLOYED, ALONG WITH THE 747-124F, ON
HEAVY EL AL/CARGO AIR LINES (CAL) WINTER CHARTERS TEL AVIV-COLOGNE,
AIRLIFTING FRUITS AND VEGETABLES TO WESTERN EUROPE AND MOTOR
VEHICLES AND MACHINERY AND PARTS BACK TO ISRAEL. FURTHER AIRLINE'S
BOEING 747-258C COMBI IS SWITCHED FROM PASSENGER TO ALL-CARGO
SCHEDULED AND CHARTER SERVICES DURING THE WINTER, AS WILL SECOND
COMBI SCHEDULED FOR DELIVERY JUNE 16.

C) BAC 111-500 WETLEASED FROM ARKIA INLAND (ONE AIRCRAFT-114
ALL-ECONOMY SEATS)
TEL AVIV-RHODES-TEL AVIV THREE FLIGHTS WEEKLY
NOTE: BAC 111-500 ALSO AD-HOC DEPLOYED HEAVILY ON BEOING 707-458/
720-058B SERVICES WHEN PASSENGER LOADS DO NOT JUSTIFY USE OF 707-458/
720-058'S (I.E. ISTANBUL, LARNACA, ATHENS, VIENNA; AND MUNICH/
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STUTTGART CHARTERS).

6. TRAFFIC AND FINANCIAL RESULTS:
EL AL SENIOR STAFF ARE UNUSUALLY TIGHTLIPPED REGARDING
AIRLINE'S DETAILED TRAFFIC AND FINANCIAL PERFORMANCE. PRESIDENT
HOD DOES INDICATE, HOWEVER, THAT AIRLINE'S PASSENGER TRAFFIC

GROWTH AVERAGING ABOUT TEN PERCENT PER ANNUM (EL AL TRANS-ATLANTIC ISRAEL-EUROPE-U.S. PASSENGERS INCREASED 7.4 PERCENT FIRST ELEVEN MONTHS 1977 US 1976) AND CARGO TRAFFIC GROWTH AVERAGING A MUCH HEALTHIER 40-50 PERCENT PER ANNUM (DUE TO VASTLY EXPANDED EL AL/CAL CARGO CAPACITY OWNED AND LEASED). HOD STATES AIRLINE OBTAINED FINANCIAL BREAK-EVEN FOR YEAR ENDED MARCH 31, 1978 BUT THAT LABOR DIFFICULTIES (I.E. RECENT 20-DAY SHUTDOWN EL AL SCHEDULED SERVICES), DECLINING NORTH ATLANTIC PASSENGER REVENUE YIELDS, AND NEW CHARTER COMPETITION CLOUD FORECAST FINANCIAL RESULTS FOR PRESENT YEAR ENDING MARCH 31, 1979. REGARDING EL AL FINANCIAL RESULTS, RCAA BELIEVES AIRLINE'S ACCOUNTING PRACTICES HIGHLY CONSERVATIVE, CULMINATING IN LOW PROFITABILITY BUT HIGH CASH FLOW. AIRLINE'S TRAFFIC PERFORMANCE OVER NORTH ATLANTIC 1977 HIGHLY IMPRESSIVE WITH ELEVEN-MONTHS' PASSENGER LOAD FACTOR OF 70.8 PERCENT U.S.-EUROPE/ISRAEL, HIGHEST OF ALL IATA CARRIERS OPERATING THE U.S.-EUROPE ROUTE. HOLMES

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Draft Date: 07 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780237-0982
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780686/aaaacvtu.tel
Line Count: 510
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 17e6cc8f-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 TEL AVIV 6632, 78 TEL AVIV 6374
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2453742
Secure: OPEN
Status: NATIVE
Subject: EL AL FLEET PLANNING AND LINES OF DEVELOPMENT; FORTH- COMING MEDIUM-RANGE WIDEBODIED AIRCRAFT DECISION
LIMITED OFFICIAL USE
TAGS: EAIR, BEXP, IS
To: STATE
Type: TE
vdkgvwkey: odbcc://SAS/SAS.dbo.SAS_Docs/17e6cc8f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014